

**Shreveport Charter Foundation, Inc.**

**FINANCIAL STATEMENTS**

**June 30, 2025 and 2024**

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# REPORT





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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Shreveport Charter Foundation, Inc.  
Shreveport, Louisiana

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Shreveport Charter Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Shreveport Charter Foundation, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shreveport Charter Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Shreveport Charter Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Shreveport Charter Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shreveport Charter Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation Paid to the Board of Trustees, Schedule of Compensation, Benefits and Other Payments to Agency Head, Reconciliation of the Statement Financial Position to Fund Balance, and Reconciliation of the Statement of Activities to Change in Fund Balance are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2026, on our consideration of Shreveport Charter Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Shreveport Charter Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shreveport Charter Foundation, Inc.'s internal control over financial reporting and compliance.



**CARR, RIGGS & INGRAM, L.L.C.**

Shreveport, Louisiana

January 5, 2026



## FINANCIAL STATEMENTS



**Shreveport Charter Foundation, Inc.**  
**Statements of Financial Position**

<u>June 30,</u>	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Current assets		
Cash	\$ 4,193,965	\$ 2,746,009
Grant and other receivables	117,082	236,437
Prepaid expenses and other current assets	73,390	1,704
<b>Total current assets</b>	<b>4,384,437</b>	<b>2,984,150</b>
Property and equipment		
Real estate and buildings held under leases	28,813,183	28,813,183
Furniture, fixtures and equipment held under leases	1,810,821	1,810,821
Less: accumulated amortization	(14,006,789)	(12,841,483)
Furniture, fixtures and equipment	2,189,740	1,925,114
Less: accumulated depreciation	(1,851,093)	(1,653,857)
<b>Net property and equipment</b>	<b>16,955,862</b>	<b>18,053,778</b>
Other assets		
Deposits	43,017	35,533
Operating lease right-of-use assets, net	122,714	43,018
<b>Total other assets</b>	<b>165,731</b>	<b>78,551</b>
<b>Total assets</b>	<b>\$ 21,506,030</b>	<b>\$ 21,116,479</b>
<b>Liabilities and Net Assets (Deficit)</b>		
Current liabilities		
Accounts payable	97,446	24,535
Finance leases payable, current	754,005	661,223
Accrued expenses	555,730	886,682
Due to management company	1,384,194	937,669
Due to other schools	12,907	2,894
Current portion of operating lease liabilities	39,553	43,018
<b>Total current liabilities</b>	<b>2,843,835</b>	<b>2,556,021</b>
Long-term liabilities		
Interest payable	1,130,226	1,223,720
Finance leases payable, long-term	25,666,346	26,420,351
Operating lease liabilities, less current portion	83,161	-
<b>Total long-term liabilities</b>	<b>26,879,733</b>	<b>27,644,071</b>
<b>Total liabilities</b>	<b>29,723,568</b>	<b>30,200,092</b>
Net assets (deficit)		
Without donor restrictions	(8,217,538)	(9,083,613)
<b>Total net assets (deficit)</b>	<b>(8,217,538)</b>	<b>(9,083,613)</b>
<b>Total liabilities and net assets (deficit)</b>	<b>\$ 21,506,030</b>	<b>\$ 21,116,479</b>

*The accompanying notes are an integral part of these financial statements.*

**Shreveport Charter Foundation, Inc.**  
**Statement of Activities**

<i>For the year ended June 30, 2025</i>	Without Donor Restrictions	With Donor Restrictions	<b>Total</b>
<b>Support and revenue</b>			
Minimum Foundation Program	\$ 19,304,869	\$ -	<b>\$ 19,304,869</b>
Federal grants	2,295,672	- -	<b>2,295,672</b>
Debt forgiveness	1,242,624	- -	<b>1,242,624</b>
Other income	258,263	- -	<b>258,263</b>
 Total support and revenue	 23,101,428	 - -	 <b>23,101,428</b>
<b>Expenses</b>			
Program services			
Regular education	10,820,411	- -	<b>10,820,411</b>
Special education	1,264,048	- -	<b>1,264,048</b>
Other education	1,216,255	- -	<b>1,216,255</b>
Supporting services			
Management and general	8,934,639	- -	<b>8,934,639</b>
 Total expenses	 22,235,353	 - -	 <b>22,235,353</b>
 <b>Change in net assets</b>	 866,075	 - -	 <b>866,075</b>
 Net assets (deficit), beginning of period	 (9,083,613)	 - -	 <b>(9,083,613)</b>
 Net assets (deficit), end of period	 \$ (8,217,538)	 \$ - -	 <b>\$ (8,217,538)</b>

*The accompanying notes are an integral part of these financial statements.*

**Shreveport Charter Foundation, Inc.**  
**Statement of Activities**

<i>For the year ended June 30, 2024</i>	Without Donor Restrictions	With Donor Restrictions	<b>Total</b>
<b>Support and revenue</b>			
Minimum Foundation Program	\$ 18,053,384	\$ -	<b>\$ 18,053,384</b>
Federal grants	1,417,931	- -	<b>1,417,931</b>
Debt forgiveness	1,709,714	- -	<b>1,709,714</b>
Other income	200,459	- -	<b>200,459</b>
 Total support and revenue	 21,381,488	 - -	 <b>21,381,488</b>
<b>Expenses</b>			
Program services			
Regular education	10,510,379	- -	<b>10,510,379</b>
Special education	2,364,097	- -	<b>2,364,097</b>
Other education	63,811	- -	<b>63,811</b>
Supporting services			
Management and general	8,343,099	- -	<b>8,343,099</b>
 Total expenses	 21,281,386	 - -	 <b>21,281,386</b>
<b>Change in net assets</b>	<b>100,102</b>	<b>- -</b>	<b>100,102</b>
 Net assets (deficit), beginning of period	 (9,183,715)	 - -	 <b>(9,183,715)</b>
 Net assets (deficit), end of period	 \$ (9,083,613)	 \$ - -	 <b>\$ (9,083,613)</b>

*The accompanying notes are an integral part of these financial statements.*

**Shreveport Charter Foundation, Inc.**  
**Statement of Functional Expenses**

*For the Year Ended June 30,*

**2025**

	Regular	Program Services			Supporting Services		<b>Total Expenses</b>
	Education	Special Education	Other Education	Total Program Services	Management and General		
Salaries	\$ 4,383,172	\$ 689,065	\$ 283,139	\$ 5,355,376	\$ 1,480,330		<b>\$ 6,835,706</b>
Benefits	786,807	130,842	48,266	965,915	264,609		<b>1,230,524</b>
Professional services	-	-	-	-	19,216		<b>19,216</b>
Contracted and vendor services	2,787,709	-	-	2,787,709	1,989,389		<b>4,777,098</b>
Professional development	-	-	46,510	46,510	-		<b>46,510</b>
Supplies and materials	364,337	60	212,022	576,419	147,994		<b>724,413</b>
Utilities	180,739	180,739	180,739	542,217	180,739		<b>722,956</b>
Repairs and maintenance	-	-	-	-	922,199		<b>922,199</b>
Insurance	70,002	70,002	70,003	210,007	70,003		<b>280,010</b>
Rent	48,153	-	-	48,153	-		<b>48,153</b>
Interest	-	-	-	-	2,815,156		<b>2,815,156</b>
Depreciation and amortization	657,589	78,064	75,112	810,765	551,777		<b>1,362,542</b>
School board fees	-	-	-	-	385,994		<b>385,994</b>
Travel	-	-	91,147	91,147	-		<b>91,147</b>
Marketing and recruitment	-	-	209,317	209,317	-		<b>209,317</b>
Food service	717,939	115,276	-	833,215	8,416		<b>841,631</b>
Technology	10,305	-	-	10,305	63		<b>10,368</b>
Office expense	134	-	-	134	23,909		<b>24,043</b>
Student services	27,794	-	-	27,794	-		<b>27,794</b>
Property taxes	613,327	-	-	613,327	-		<b>613,327</b>
Other	172,404	-	-	172,404	74,845		<b>247,249</b>
<b>Total Functional Expenses</b>	<b>\$ 10,820,411</b>	<b>\$ 1,264,048</b>	<b>\$ 1,216,255</b>	<b>\$ 13,300,714</b>	<b>\$ 8,934,639</b>		<b>\$ 22,235,353</b>

*The accompanying notes are an integral part of these financial statements.*

**Shreveport Charter Foundation, Inc.**  
**Statement of Functional Expenses**

*For the Year Ended June 30,*

**2024**

	Regular	Program Services			Supporting Services		<b>Total</b> <b>Expenses</b>
	Education	Special Education	Other Education	Total Program Services	Management and General		
Salaries	\$ 4,419,063	\$ 1,257,284	\$ 52,617	\$ 5,728,964	\$ 633,823	\$ 6362,787	
Benefits	757,215	210,289	11,194	978,698	86,007	1,064,705	
Professional services	-	-	-	-	528,399	528,399	
Contracted and vendor services	915,945	156,870	-	1,072,815	3,179,378	4,252,193	
Professional development	50,509	8,651	-	59,160	-	59,160	
Supplies and materials	543,259	93,041	-	636,300	3,889	640,189	
Utilities	435,794	74,637	-	510,431	26,733	537,164	
Repairs and maintenance	961,648	164,698	-	1,126,346	137,487	1,263,833	
Insurance	182,782	31,304	-	214,086	11,213	225,299	
Rent	35,818	6,135	-	41,953	2,197	44,150	
Interest	-	-	-	-	2,884,032	2,884,032	
Depreciation and amortization	1,104,748	189,205	-	1,293,953	67,770	1,361,723	
School board fees	303,726	52,019	-	355,745	-	355,745	
Travel	54,801	9,385	-	64,186	18,635	82,821	
Marketing and recruitment	9	2	-	11	909	920	
Food service	706,325	103,944	-	810,269	8,185	818,454	
Technology	720	123	-	843	245	1,088	
Office expense	1,638	280	-	1,918	11	1,929	
Student services	36,379	6,230	-	42,609	-	42,609	
Other	-	-	-	-	754,186	754,186	
<b>Total Functional Expenses</b>	<b>\$ 10,510,379</b>	<b>\$ 2,364,097</b>	<b>\$ 63,811</b>	<b>\$ 12,938,287</b>	<b>\$ 8,343,099</b>	<b>\$ 21,281,386</b>	

*The accompanying notes are an integral part of these financial statements.*

**Shreveport Charter Foundation, Inc.**  
**Statements of Cash Flows**

*For the years ended June 30,*

	<b>2025</b>	<b>2024</b>
<b>Operating Activities</b>		
Change in net assets	\$ 866,075	\$ 100,102
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	1,362,542	1,361,723
Amortization of right-of-use assets	87,014	41,819
(Increase) decrease in		
Grant and other receivables	119,355	(70,686)
Due from other school	-	15,088
Prepaid expenses and other current assets	(71,686)	68,696
Deposits	(7,484)	14,937
Increase (decrease) in		
Accounts payable	72,911	(165,597)
Accrued expenses	(330,952)	105,311
Due to management company	446,525	137,725
Due to other schools	10,013	2,894
Interest payable	(93,494)	(65,044)
Operating lease liabilities	(87,014)	(41,819)
Net cash provided by (used in) operating activities	<b>2,373,805</b>	<b>1,505,149</b>
<b>Investing Activities</b>		
Purchase of property and equipment	(264,626)	(184,736)
Net cash provided by (used in) investing activities	<b>(264,626)</b>	<b>(184,736)</b>
<b>Financing Activities</b>		
Payments on finance leases	(661,223)	(577,489)
Net cash provided by (used in) financing activities	<b>(661,223)</b>	<b>(577,489)</b>
Net increase (decrease) in cash	1,447,956	742,924
Cash - beginning of period	<b>2,746,009</b>	<b>2,003,085</b>
Cash - end of period	<b>\$ 4,193,965</b>	<b>\$ 2,746,009</b>
<b>Schedule of Noncash Transactions</b>		
Lease liabilities arising from obtaining right-of-use assets		
Operating leases	\$ 122,714	\$ 84,837
<b>Schedule of Certain Cash Flow Information</b>		
Cash paid during the year for interest	<b>\$ 2,721,662</b>	<b>\$ 2,818,988</b>

*The accompanying notes are an integral part of these financial statements.*

# Shreveport Charter Foundation, Inc.

## Notes to the Financial Statements

### Note 1: DESCRIPTION OF THE ORGANIZATION

Shreveport Charter Foundation, Inc. (the Foundation), a Louisiana nonprofit corporation, was formed on February 27, 2012, exclusively for educational purposes. The Foundation has entered into a Type 1 charter school contract with Caddo Parish School Board (CPSB) to operate the Magnolia School of Excellence (the Charter School) for students in Caddo Parish, Louisiana. The lower campus includes grades kindergarten through fifth grade. The upper campus includes grades six through twelve. The original charter agreement with CPSB dated February 5, 2013 was for an initial term of five years. The charter agreement was renewed for an additional three years in 2018. The third renewal of the charter contract was approved by the Caddo Parish School Board in 2024 for another three years.

The Foundation is an independent nonprofit entity, separate and distinct from the Caddo Parish School Board, the primary government and reporting entity. However, the Foundation is a component unit of CPSB and the Foundation's financial statements are included in the CPSB's basic financial statements as a component unit. Component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Foundation is included in the reporting entity because it is fiscally dependent on the CPSB for the majority of its revenue, and because exclusion would render the CPSB's financial statements incomplete or misleading.

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### *Use of Estimates*

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Shreveport Charter Foundation, Inc.**  
**Notes to the Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Cash and Cash Equivalents***

Cash consists of demand deposit balances and represents cash available for general operating purposes. The Foundation classifies all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. The Foundation did not have any cash equivalents at June 30, 2025 and 2024.

***Grant and Other Receivable***

Grant and other receivables are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for an allowance for credit losses, as management believes all remaining receivables are fully collectible.

The Foundation received various state and federal grants to fund programs and operations. The grants are on a reimbursement basis and grants receivable at the year-end are stated at unpaid balances for expenditures incurred during the year.

***Property and Equipment***

Acquisitions of property and equipment and betterments of \$750 or more that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized at cost. Contributed property and equipment is recorded at fair value at the date of donation. Normal building maintenance and minor equipment purchases are included as expenses of the Foundation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives used in computing depreciation are as follows:

Buildings	20 – 30 Years
Leasehold improvements	5 – 15 Years
Furniture, fixtures and equipment	3 – 10 Years

Assets purchased with public funds will revert to the Louisiana Board of Elementary and Secondary Education at the time the Charter agreement is terminated.

Depreciation expense, which includes amortization expense of finance lease assets, incurred for the years ended June 30, 2025 and 2024, was \$1,362,542 and \$1,361,723 respectively.

**Shreveport Charter Foundation, Inc.**  
**Notes to the Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Leases***

The Foundation leases the school buildings and substantially all of the furniture, fixtures and equipment utilized by the Charter School under leases as described in Note 6. The Foundation determines if an arrangement is a lease at inception. Operating leases as of June 30, 2025 and 2024, are included in operating lease right-of-use (ROU) assets and operating lease liabilities the statements of financial position. Finance leases, as of June 30, 2025 and 2024, are included in property and equipment and finance leases payable in the statements of financial of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the operating leases do not provide an implicit rate, the Foundation uses a risk-free rate based on the information available at commencement date in determining the present value of operating lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Foundation's lease agreements do not contain any material residual value guarantees.

***Compensated Absences***

Employees may accrue between 8 and 26 days per year of paid time off depending on length of service and classification. A maximum of 5 days (40 hours) of paid time off can be carried over from year to year. Earned but unused paid time off is eligible for payment upon separation from service up to a maximum of 40 hours. The liability for compensated absences includes salary-related benefits, where applicable.

***Net Assets***

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**Shreveport Charter Foundation, Inc.**  
**Notes to the Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Net Assets (continued)***

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

***Revenue Recognition***

A significant portion of the Foundation's grants and contracts are from government agencies. These benefits received by the public as a result of the assets transferred is not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

The Foundation's primary source of funding is through the Minimum Foundation Program (MFP), passed through from CPSB and funded by the State Public School Fund. CPSB withholds 2% of the gross funding for the fiscal year.

***Donated Assets***

Noncash donations are recorded as contributions at their fair values at the date of donation.

***Donated Services***

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Supporters of the Foundation provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

**Shreveport Charter Foundation, Inc.**  
**Notes to the Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Functional Allocation of Expenses***

The majority of expenses reported in the financial statements can be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function, including depreciation and amortization, leadership salaries and the technology department, have been allocated among program and supporting services classifications based on estimates of time and effort and square footage.

***Advertising Costs***

The Foundation uses advertising to promote the schools among the population it serves. Advertising costs are charged to expense when incurred. Advertising, which is included in marketing and recruitment, and professional services, on the Statements of Functional Expenses, for the years ended June 30, 2025 and 2024 was approximately \$209,317 and \$190,688, respectively.

***Income Taxes***

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is also exempt from Louisiana state income taxes. However income, if any, from certain activities not directly related to the Foundation's tax exempt purpose is subject to taxation as unrelated business income.

The Foundation utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2025 and 2024, the Foundation has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 5, 2026, and determined there were no subsequent events that occurred that required disclosure.

**Shreveport Charter Foundation, Inc.**  
**Notes to the Financial Statements**

**Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY**

As part of the Foundation's liquidity management, it maintains its funds in cash operating accounts in order to meet the needs of general expenditures, liabilities or other obligations as they come due. Revenue from the Minimum Foundation Program and sources other than federal grants and internal funds is not restricted for specific purposes and is available for general expenditure. The financial assets available to meet cash needs for general expenditures within one year of the financial position date are as follows:

June 30,	2025	2024
Cash	\$ 4,193,965	\$ 2,746,009
Grant and other receivables	<u>117,082</u>	<u>236,437</u>
Total financial assets available to meet general expenditures within one year	<u><u>\$ 4,311,047</u></u>	<u><u>\$ 2,982,446</u></u>

**Note 4: GRANTS AND CONTRACTS RECEIVABLE**

At June 30, 2025 and 2024, grant and other receivables totaled \$117,082 and \$236,437, respectively, and are considered fully collectible.

**Note 5: ACCRUED EXPENSES**

Following is a summary of accrued expenses:

June 30,	2025	2024
Payroll and benefits	\$ 530,429	\$ 628,408
Other	<u>25,301</u>	<u>258,274</u>
Total accrued expenses	<u><u>\$ 555,730</u></u>	<u><u>\$ 886,682</u></u>

**Shreveport Charter Foundation, Inc.**  
**Notes to the Financial Statements**

**Note 6: LEASES**

***Finance Leases***

The Foundation had the following finance leases payable:

<u>June 30,</u>	<u>2025</u>	<u>2024</u>
Finance lease payable to Red Apple at Magnolia, LLC for real property in the original amount of \$12,278,567, with a commencement date of July 22, 2013, with an effective interest rate of 10.147%, payable in monthly payments ranging from \$65,386 to \$148,788, including interest, maturing on June 30, 2033.	\$ 9,193,071	\$ 9,810,738
Finance lease payable to Red Apple at Magnolia Upper, LLC for property in the original amount of \$16,534,616, with a commencement date of August 1, 2016, with an effective interest rate of 10.094%, payable in monthly payments ranging from \$32,635 to \$188,589, interest only until October 2030, then including interest, maturing on July 31, 2046.	16,501,981	16,501,981
Finance lease payable to Red Apple at Magnolia Upper, LLC for equipment in the amount of \$1,030,000, dated August 1, 2016, with an effective interest rate of 8.78%, payable in monthly payments ranging from \$8,808 to \$8,993, including interest, maturing July 31, 2036.	725,299	768,855
Total finance leases payable	26,420,351	27,081,574
Less current maturities	(754,005)	(661,223)
 Long-term finance leases payable	 \$ 25,666,346	 \$ 26,420,351

Right-of-use assets held under finance leases are included in net property and equipment on the statement of financial position. Following is a summary of assets held under finance leases:

<u>June 30,</u>	<u>2025</u>	<u>2024</u>
Real estate and buildings	\$ 28,813,183	\$ 28,813,183
Furniture, fixtures and equipment	1,810,821	1,810,821
Right-of-use assets under finance leases	30,624,004	30,624,004
Less: accumulated amortization	(14,006,789)	(12,841,483)
 Right-of-use assets under finance leases, net	 \$ 16,617,215	 \$ 17,782,521

**Shreveport Charter Foundation, Inc.**  
**Notes to the Financial Statements**

**Note 6: LEASES (Continued)**

***Finance Leases (continued)***

Scheduled annual lease payments under non-cancellable finance leases as of June 30, 2025, are as follows:

2026	\$ 3,618,040
2027	3,661,992
2028	3,710,368
2029	3,754,542
2030	3,803,164
Thereafter	39,957,873
<b>Total minimum lease payments</b>	<b>58,505,979</b>
<b>Less interest</b>	<b>(32,085,628)</b>
 <b>Net minimum lease payments</b>	 <b>\$ 26,420,351</b>

As of June 30, 2025, scheduled maturities of finance leases payable for the next five years ending June 30, are as follows:

2026	\$ 754,005
2027	856,784
2028	972,641
2029	1,098,925
2030	1,240,609
Thereafter	21,497,387
 <b>Total</b>	 <b>\$ 26,420,351</b>

The components of finance lease expense consist of the following:

	2025	2024
Finance lease cost		
Amortization of right-of-use assets	\$ 661,223	\$ 577,489
Interest on finance lease liabilities	2,815,156	2,884,032
 <b>Total finance lease cost</b>	 <b>\$ 3,476,379</b>	<b>\$ 3,461,521</b>

The Foundation's finance leases with Red Apple at Magnolia, LLC and Magnolia Upper, LLC dated November 21, 2013 and August 1, 2016 include restrictive covenants that require compliance with all laws and regulations as well as specific insurance requirements. The lease with Magnolia Upper, LLC, include covenants that require the Foundation to have an annual rent coverage ratio of at least 1.15 to 1.00 each quarter and unrestricted immediately available funds on hand each June 30 in an amount at least equal to the Days Cash on Hand Requirement for the applicable period.

**Shreveport Charter Foundation, Inc.**  
**Notes to the Financial Statements**

**Note 6: LEASES (Continued)**

***Finance Leases (continued)***

The Foundation is required to calculate the annual rent coverage ratio quarterly based on a rolling twelve month period. Annual rent coverage ratio is determined by dividing income available for annual rent by maximum annual rent. Income available for annual rent is the excess of charter revenues over operating expenses as determined from audited financial statements provided that gains and losses on investments will not be recognized in the calculation of income available for annual rent. Maximum annual rent means the highest rent due under the lease for any current or succeeding fiscal year or other specified period.

Under the terms of the lease, the failure to meet the annual rent coverage ratio may be considered an event of default. At June 30, 2025, the Foundation met the annual rent coverage ratio covenant. The calculation as of June 30, 2025 is included below.

**Annual Rent Coverage Ratio Covenant**  
**As of June 30, 2025**

Charter revenues	\$ 23,101,428
Less: Management fees forgiven	(1,242,624)
Less: Internal Funds Revenue	(144,983)
Operating Expenses	(20,992,729)
Add: Internal Funds Expense	172,404
Change in Unrestricted Net Assets	893,496
Plus:	
Interest	2,815,156
Depreciation and Amortization	1,362,542
 Income Available for Annual Rent	 \$ 5,071,194
 Maximum Annual Rent	 \$ 3,661,989
Annual Rent Coverage Ratio	1.38
Required Rent Coverage Ratio	1.15

The Days Cash on Hand Requirement for the calculation date of June 30, 2025, is an amount equal to at least fifty-five (55) days of Average Daily Expenses. Average Daily Expenses include operating expenses, long term debt service requirements, and payments of base rent under the lease and exclude depreciation and other non-cash items and deferred management fees for the twelve month period.

**Shreveport Charter Foundation, Inc.**  
**Notes to the Financial Statements**

**Note 6: LEASES (Continued)**

***Finance Leases (continued)***

At June 30, 2025, the Foundation met the Days Cash on Hand Requirement. Under the terms of the finance lease, the failure to maintain unrestricted immediately available funds in an amount equal to at least fifty-five (55) days of average daily expenses may constitute an event of default. The calculation as of June 30, 2025 is included below.

**Liquidity Covenant - Computation of Days Cash on Hand**  
**As of June 30, 2025**

Annual Total Expenses	\$ 22,235,353
Less: Management fees forgiven	(1,242,624)
Less: Internal Funds Expense	(172,404)
Less: Depreciation	(1,362,542)
Add: Principal Payments	661,223
<b>Adjusted Annual Total Expenses</b>	<b>20,119,006</b>
Average Daily Expenses (based on 360 day year)	55,886
Days of Cash Required	55
<b>Daily Cash Required</b>	<b>3,073,730</b>
Cash Available as of June 30, 2025	4,193,965
Less: Internal Fund Cash	(94,305)
<b>Adjusted Cash Available as of June 30, 2025</b>	<b>\$ 4,099,660</b>
<b>Days of Cash on Hand</b>	<b>73</b>

Property with a net book value of \$16,617,215 as of June 30, 2025 held under finance leases with Red Apple at Magnolia, LLC and Red Apple at Magnolia Upper, LLC has been pledged as security on Red Apple at Magnolia Upper, LLC (Landlord) financing.

***Operating Leases***

The Foundation has an operating lease for office equipment. The lease has a remaining lease term of three years. As of June 30, 2025 and 2024, assets recorded under operating leases was \$122,714 and \$43,018, respectively.

The components of operating lease expense consist of the following:

<i>For the year ended June 30,</i>	<b>2025</b>	<b>2024</b>
Operating lease cost	\$ 48,153	\$ 44,150
Short-term lease cost	\$ -	\$ 111

**Shreveport Charter Foundation, Inc.**  
**Notes to the Financial Statements**

**Note 6: LEASES (Continued)**

***Operating Leases (continued)***

As of June 30, 2025, scheduled annual lease payments under non-cancellable operating leases for the years ending June 30, are as follows:

2026	\$ 43,344
2027	43,344
2028	43,344
<hr/>	
Total future minimum lease payments	130,032
Less imputed interest	(7,318)
<hr/>	
Present value of operating lease liabilities	<u>\$ 122,714</u>

Reported as of June 30, 2025:

Current portion of operating lease liabilities	\$ 39,553
Operating lease liabilities, less current portion	83,161
<hr/>	
Total	<u>\$ 122,714</u>

***Other Lease Disclosures Required in Accordance with FASB ASC 842***

Weighted average remaining lease term and discount rates consist of the following at June 30, 2025 and 2024:

Weighted average remaining lease term			
Operating leases	3.00 years	1.00 years	
Finance leases	17.51 years	17.67 years	
<hr/>			
Weighted average discount rate			
Operating leases	4.02%	2.83%	
Finance leases	10.08%	10.08%	

**Note 7: NET ASSETS (DEFICIT)**

The Foundation had an increase in net assets of approximately \$866 thousand for the year ended June 30, 2025, and a deficit of approximately \$8.2 million. The main driver of the overall deficit of the Foundation is the accumulated depreciation of the two facilities recorded as assets held under finance leases in the financial statements, which totals approximately \$14 million. The Foundation has the support of Charter Schools USA as their management company. A portion of management fees for the current fiscal year totaling approximately \$1.2 million were waived by the management company. This support will continue until the Foundation is operating independently and is financially stable.

**Shreveport Charter Foundation, Inc.  
Notes to the Financial Statements**

**Note 8: RISK MANAGEMENT AND LITIGATION**

The Foundation is exposed to various risks of loss from torts; thefts of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. In the opinion of management, insurance coverage is adequate to cover any material anticipated losses.

There were no settled claims that exceeded this commercial coverage during the years ended June 30, 2025 and 2024.

**Note 9: CONCENTRATIONS AND CREDIT RISK**

The Foundation received approximately 84% of its total revenues from the State of Louisiana, through its charter school contract with CPSB for the years ended June 30, 2025 and 2024.

Demand deposit balances, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each bank. At June 30, 2025 and 2024, the Foundation had approximately \$3,954,532 and \$2,509,834, respectfully, in uninsured deposits. Management believes the risk associated with these excess deposits is minimal.

**Note 10: COMMITMENTS**

***Management agreement***

The Foundation entered into a management agreement on February 5, 2013, with Charter Schools USA at Shreveport, LLC (CSUSA), a Florida limited liability company, to develop, manage, staff and operate the Charter School. The term of the agreement was for an initial five year term consistent with the term of the charter contract with CPSB. The agreement was renewed for two additional three year terms consistent with the term of the charter contract renewal. The agreement states that CSUSA shall be entitled to cost reimbursements and management fees for its services. The cost reimbursements and management fees are not to exceed 15% of revenues which shall be set forth within the approved annual budget or any amendments thereto.

For the years ended June 30, 2025 and 2024, cost reimbursements and management fee expense was \$3,243,122 and \$2,923,333, respectively. Fees totaling \$1,242,624 and \$1,709,714 were forgiven for fiscal years ended June 30, 2025 and 2024, reducing the amount of compensation payable to CSUSA to \$2,000,498 and \$1,213,619, respectively.

At June 30, 2025 and 2024, the Foundation owed CSUSA \$1,384,194 and \$937,669, respectively, related to operations and trade payables. These amounts are reflected in the statements of financial position at June 30, 2025 and 2024, respectively, as due from/to the management company.

**Shreveport Charter Foundation, Inc.  
Notes to the Financial Statements**

**Note 11: EMPLOYEE BENEFIT PLAN**

The Foundation offered all of its full-time employees, who had attained 21 years of age, a retirement plan under Internal Revenue Code Section 401(k). Employees are allowed to contribute up to 100% of their salary, subject to certain limitations. Charter Schools USA will match 25% up to the first 6% that the employee elects. For the years ended June 30, 2025 and 2024, the Foundation's contributions to the plan totaled \$18,402 and \$29,746, respectively.

**Note 12: CONTINGENCIES**

The Foundation, as charter operator, is subject to Annual Academic Audits by Caddo Parish School Board. Failure to follow through with the recommendations and directives of the yearly audit will be grounds for terminations and/or non-renewal of the charter contract.

## **SUPPLEMENTARY INFORMATION**



**Shreveport Charter Foundation, Inc.**  
**Schedule of Compensation Paid to the Board of Trustees**  
**For the year ended June 30, 2025**

There was no compensation paid to members of the Board of Trustees for the year ended June 30, 2025.

**Shreveport Charter Foundation, Inc.**  
**Schedule of Compensation, Benefits and Other Payments to Agency Head**  
**For the Year Ended June 30, 2025**

**Agency Head Name: Zazell Dudley, President of the Board of Directors**

<b>Purpose</b>	<b>Amount</b>
Reimbursements	\$ -

There were no payments to the agency head for the year ended June 30, 2025.

**Shreveport Charter Foundation, Inc.**  
**Reconciliation of the Statement of Financial Position to Fund Balance**  
**June 30, 2025**

<i>June 30,</i>	<b>2025</b>	<b>2024</b>
Total net assets (deficit) reported on the Statement of Financial Position	\$ (8,217,538)	\$ (9,083,613)
Capital assets are not reported in fund balance.		
Net property and equipment	(16,955,862)	(18,053,778)
Operating lease right-of-use assets, net	(122,714)	(43,018)
Long-term liabilities applicable to the governmental fund activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are in the Statement of Financial Position.		
Finance leases payable	26,420,351	27,081,574
Operating leases payable	122,714	43,018
Accrued interest payable	1,130,226	1,223,720
Compensated absences included in accrued expenses	58,719	75,300
<b>Total fund balance</b>	<b>\$ 2,435,896</b>	<b>\$ 1,243,203</b>

**Shreveport Charter Foundation, Inc.**  
**Reconciliation of the Statement of Activities to the Change in Fund Balance**  
**For the Year Ended June 30, 2025**

<i>For the year ended June 30,</i>	<b>2025</b>	<b>2024</b>
Change in net assets reported on the Statement of Activities	\$ 866,075	\$ 100,102
Fund balance reports capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays capitalized	(264,626)	(184,737)
Depreciation and amortization expense	1,362,542	1,361,723
The issuance of long-term liabilities provides current financial resources to fund balance. However, in the Statement of Activities, issuing debt increases long-term liabilities and does not affect the Statement of Activities.		
Principal payments on finance leases payable	(661,223)	(577,489)
Change in accrued interest payable	(93,494)	(65,044)
Expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in fund balance.		
Change in compensated absences	<b>(16,581)</b>	5,101
<b>Total change in fund balance</b>	<b>\$ 1,192,693</b>	<b>\$ 639,656</b>



# **REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS**





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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees  
Shreveport Charter Foundation, Inc.  
Shreveport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shreveport Charter Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Shreveport Charter Foundation, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shreveport Charter Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Shreveport Charter Foundation, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Shreveport Charter Foundation, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Shreveport Charter Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2025-002.

**Shreveport Charter Foundation, Inc.'s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.

*Carr, Riggs & Ingram, L.L.C.*

**CARR, RIGGS & INGRAM, L.L.C.**

Shreveport, Louisiana  
January 5, 2026

**Shreveport Charter Foundation, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2025**

**Section I – Summary of Auditor’s Results**

***Financial Statements***

1. Type of Auditor’s report issued	<b>Unmodified</b>
2. Internal control over financial reporting:	
a. Material weaknesses identified?	<b>Yes</b>
b. Significant deficiencies identified not considered to be material weaknesses?	<b>None reported</b>
c. Noncompliance material to the financial statements noted?	<b>No</b>

***Federal Awards***

Not applicable in the current year

**Section II – Financial Statement Findings**

**Current Year Findings and Responses**

**Reference # and title: 2025-001 Internal Controls Over Financial Reporting**

Year of Origination – June 30, 2025

**Criteria or Specific Requirement** – Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), including the design, implementation, and maintenance of effective internal controls relevant to financial reporting.

**Condition** – In performing the audit of Shreveport Charter Foundation, Inc. material adjustments were proposed related to correct various asset, liability, net asset, revenue, and expense accounts. A total of seven (7) adjusting journal entries were proposed in order to properly reflect activity during the period.

**Cause** – The audit adjustments were a result of insufficient internal controls over financial reporting at the School’s contracted management company, including:

- Inadequate review and approval of journal entries and account balances,
- Lack of timely and complete account reconciliations,
- Insufficient oversight in the financial reporting process, and
- Limited monitoring of controls to ensure compliance with established accounting policies.

**Shreveport Charter Foundation, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2025**

**Effect** – Material misstatements may go undetected, leading to inaccurate financial reporting, and potential noncompliance with financial reporting and regulatory requirements.

**Recommendation** – We recommend management implement controls designed to ensure transactions are recorded accurately, completely, and in a timely manner. Controls should be designed such that transactions are supported by appropriate documentation, reconciliations, and independent reviews.

**Views of responsible officials and corrective action plan** – See accompanying “Corrective Action Plan”.

**Reference # and title: 2025-002 Teaching Certificates and Background Checks (Non-compliance)**

Year of Origination – June 30, 2024

**Criteria or Specific Requirement** – Louisiana Revised Statute 17:3991 requires a charter school to employ instructional staff who have at least a baccalaureate degree and who shall be subject to all provisions of state law relative to background checks applicable to the employment of public school personnel.

**Condition** – Evidence of a teaching certificate for one instructional staff of the twenty-five teachers selected for testing was not provided, and two instructional staff had expired certificates without a renewal. Additionally, background checks being performed and results of the background checks were not provided for two teachers of the twenty-five teachers selected for testing.

**Cause** – The Foundation’s policies and procedures in place to ensure teaching certificates and background checks are performed for all instructional staff and are properly maintained on file did not operate effectively.

**Effect** – The Foundation may not be in compliance with Louisiana Revised Statute 17:3991 Charter Contents, Renewal, and Revocation and Charter School Authorities and Limitations.

**Recommendation** – We recommend that the Foundation implement policies and procedures to ensure teaching certificates and background checks are performed for all instructional staff prior to offer of employment and that evidence of teaching certificates and background checks be maintained on file.

**Views of responsible officials and corrective action plan** – See accompanying “Corrective Action Plan”.

**Shreveport Charter Foundation, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2025**

**Section III – Prior Year Financial Statement Findings**

**Reference # and title: 2024-001 Tier 3 Annual Financial Disclosure filing (Non-compliance)**

Year of Origination – June 30, 2024

**Condition** – Compliance testing of the Annual Financial Disclosure for board members identified one member as not completing a Financial Disclosure form for the 2023 filing year, and late filings by three board members, of which a due date of May 15, 2024, was required.

**Recommendation** – We recommend the Foundation implement policies and procedures to ensure the annual tier 3 filing is submitted in a timely manner.

**Status** – Resolved.

**Reference # and title: 2024-002 Teaching Certificates and Background Checks (Non-compliance)**

Year of Origination – June 30, 2024

**Condition** – Evidence of a teaching certificate for one instructional staff of the twenty-five teachers selected for testing was not provided. Additionally, background checks being performed and results of the background checks were not provided for five teachers of the twenty-five teachers selected for testing.

**Recommendation** – We recommend that the Foundation implement policies and procedures to ensure teaching certificates and background checks are performed for all instructional staff prior to offer of employment and that evidence of teaching certificates and background checks be maintained on file.

**Status** – Repeated. See Finding 2025-002.

**Section IV – Federal Award Findings and Responses**

**A. Current Year Findings and Responses**

Not applicable in the current year

**B. Prior Year Findings and Responses**

Not applicable in the previous year

# Shreveport Charter FOUNDATION

## Corrective Action Plan For the Year Ended June 30, 2025

### Finding 2025-001 Internal Controls Over Financial Reporting

**Corrective Action Plan:** Management acknowledges the finding and agrees with the recommendation. Corrective actions to address internal controls over financial reporting will include implementing enhanced review and approval procedures for journal entries, ensuring timely and complete monthly account reconciliations, improving supervisory oversight of financial reporting activities, and reinforcing compliance with established accounting policies and procedures.

Management will also increase monitoring of financial reporting controls and require periodic reviews to assess their effectiveness. These actions are intended to reduce the risk of material misstatements.

**Anticipated Completion Date:** Management expects these corrective measures to be implemented and operating effectively during the fiscal year ending June 30, 2026.

**Responsible Personnel:** Accounting Manager and Internal Auditor with oversight from State Director.

### Finding 2025-002 Teaching Certificates and Background Checks (Non-compliance)

**Corrective Action Plan:** Management acknowledges the finding and agrees with the recommendation. The Foundation does have a procedure and process for background checks in accordance with LDOE and Louisiana State Law. This new process was implemented in 2024 statewide. The background checks in question were completed in accordance with Louisiana State Law and procedures at the time of hire. These employees were hired before the new procedure and process was implemented. We provided proof of submission to the Louisiana State Police for the background check. The Foundation did comply with requirements and state approved procedures available at the time of hire. To further provide documentation, we sent those active employees to fingerprint again and have submitted all background checks and provided the new results through the Identigo system that is utilized statewide.

According to Bulletin 126, that governs all Louisiana Charter Schools, we do have certified teachers that work in our schools and like all Louisiana schools, there is a shortage of Certificated Teachers. We hire teachers with a minimum of a bachelor's degree in compliance with Bulletin 126. We work with those hires who do not have certification to support them in obtaining certification, through various methods. CSUSA's policy is that it is the employee's responsibility to obtain and maintain certification, but we support all aspiring certified teachers and certificated teachers.

**Anticipated Completion Date:** Management expects these corrective measures to be implemented and operating effectively during the fiscal year ending June 30, 2026.

**Responsible Personnel:** Human Resources department Louisiana State Team.

**Magnolia School of Excellence**

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# **Shreveport Charter Foundation, Inc.**

## **STATEWIDE AGREED-UPON PROCEDURES REPORT**

**June 30, 2025**





CARR, RIGGS & INGRAM, L.L.C.

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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of Shreveport Charter Foundation, Inc.  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024 through June 30, 2025. Shreveport Charter Foundation, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Shreveport Charter Foundation, Inc. (the Organization) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2024 through June 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

***Board or Finance Committee***

1. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document

**Results:** The June 2025 board meeting did not have a quorum. No other exceptions were identified.

b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

**Results:** No exceptions were identified as a result of applying the procedure.

c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

**Results:** This procedure is not applicable as Shreveport Charter Foundation, Inc. is not a governmental entity.

d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**Results:** Written updates of the progress of resolving audit findings were not provided at the Organization's meetings.

***Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)***

2. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

**Results:** CRI obtained a listing of locations that process payments and management's representation that the listing was complete.

3. For each location selected under procedure #2 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

**Results:** No exceptions were identified as a result of applying the procedure.

b) At least two employees are involved in processing and approving payments to vendors;

**Results:** No exceptions were identified as a result of applying the procedure.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

**Results:** No exceptions were identified as a result of applying the procedure.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

**Results:** No exceptions were identified as a result of applying the procedure.

- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

**Results:** No exceptions were identified as a result of applying the procedure.

4. For each location selected under procedure #2 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

**Results:** No exceptions were identified as a result of applying the procedure.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #3 above, as applicable.

**Results:** No exceptions were identified as a result of applying the procedure.

5. Using the entity's main operating account for one randomly selected month, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

**Results:** No exceptions were identified as a result of applying the procedure.

We were engaged by Shreveport Charter Foundation, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Shreveport Charter Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



**CARR, RIGGS, & INGRAM, L.L.C.**

Shreveport, Louisiana

January 2, 2026

# Shreveport Charter FOUNDATION

January 5, 2026  
Louisiana Legislative Auditor  
1600 North 3<sup>rd</sup> Street  
Baton Rouge, LA 70802

And  
Carr Riggs & Ingram, LLC  
1000 East Preston Avenue, Suite 200  
Shreveport, LA 71105

## RE: Management's Response to Agreed-Upon Procedures

Management of Shreveport Charter Foundation, Inc. has reviewed the Independent Accountants' Report on Applying Agreed-Upon Procedures. We are in agreement with the report of Carr, Riggs and Ingram, LLC. Shreveport Charter Foundation, Inc. will add policies and procedures and implement changes as considered necessary and cost beneficial to meet the expectations identified in the report and future agreed-upon procedures engagements.

Sincerely,



Stacie Landry, Director State Finance

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